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# WHEN HAWAI'I WORKS, HAWAI'I WINS

## *A New Day Status Report*

August 2011

In the first half of 2011, we stabilized our financial situation by making prudent use of the resources we had and making tough decisions with a constant eye on the future. From December 2010 to the end of this fiscal year on June 30, 2011, we overcame a \$214 million deficit, and for the first time in three years, we are entering the new fiscal year in the black. Still, big challenges remain.

Our Administration has gone through a detailed process examining all government activities. With the budget we have, we are implementing a comprehensive action plan to meet our current and long-term challenges.

Our New Day Plan is committed to three waves of change that comprise a winning strategy for Hawai'i:

### **GROWING A SUSTAINABLE ECONOMY**

- New Day Work Projects
- Renewable Energy
- Food Security
- Innovation Economy
- Improvements on Public Lands
- Environmental Stewardship
- Culture, Arts, Creative Industries

### **INVESTING IN PEOPLE**

- Early Childhood
- Education and Workforce Development
- Healthcare Transformation
- Safety Net, Homelessness, Public Safety
- Housing

### **TRANSFORMING GOVERNMENT**

- Information Technology
- Fiscal Management
- Operations Management
- Customer Service
- Civil Defense and Security

Office of the Governor  
**THE HONORABLE NEIL ABERCROMBIE**  
Governor, State of Hawai'i

# GROWING A SUSTAINABLE ECONOMY

## NEW DAY WORK PROJECTS

### *Immediate job growth to build for the future*

Since taking office, we released over \$425 million for capital improvement projects all across the state, focusing on school and public facility repairs. These projects are contributing to Hawai'i having the nation's second highest rate of growth in construction jobs over the last year. The departments of Accounting and Government Services, Transportation, Education, and the University of Hawai'i are taking the lead in making sure Hawai'i benefits from this economic boost.

#### *Key Next Steps:*

- Launch and track high priority projects to create jobs and focus on New Day priorities like energy efficiency, irrigation systems, public facilities and education
- Establish project labor agreements to support construction projects that will create good local jobs and that will be completed with the highest standards
- Address the backlog of repairs in schools, the university system, public buildings, public housing and public transportation facilities

## RENEWABLE ENERGY

### *Our most important economic enterprise*

The Department of Business, Economic Development, and Tourism has been the catalyst for creating energy efficiency measures, supporting renewable energy development, and implementing progressive policies that lead to more jobs in our clean energy sector and investments in Hawai'i's economy. DBEDT is currently monitoring the development of 64 clean energy projects. We also opened the nation's first Platinum LEED certified community on Hawaiian Home Lands in Wai'anae; finished a photovoltaic system on the Kalanimoku Building; opened the first public electric vehicle charging station with many more to come; and passed legislation to open up more land for photovoltaic installations.

#### *Key Next Steps:*

- Continue building capacity in the Public Utilities Commission and eliminate outdated regulatory functions to turn it into a clean energy driver
- Host the Asia Pacific Clean Energy Summit and Expo

- Advance the development of an interisland cable system to connect the islands and fully utilize our renewable resources in a way where the negative impacts are mitigated and the benefits are shared
- Complete the Energy Savings Performance Contracting project, which will reduce total energy consumption for 10 office buildings in the downtown State Capitol District by 30 percent—enough to power more than 10,000 homes
- Take steps to make it easier for low- to moderate-income homeowners and renters to purchase renewable energy systems and energy efficient appliances

## FOOD SECURITY

### *An agricultural renaissance in Hawai'i*

The Department of Agriculture will lead the state's food security efforts, expanding its reach to coordinate food production and marketing and demand through our public schools, prisons and healthcare facilities. The Agriculture Department restored vital agricultural inspector positions to protect our environment from invasive species, stepped up efforts to help local farmers protect crops, and formed partnerships with private farmers and UH to double local food production in Hawai'i. As a part of its food sustainability program, the Department of Public Safety added an aquaponics system in the Waiawa Correctional Facility in July that includes fish and vegetables.

#### *Key Next Steps:*

- Build support for food security efforts and take a more visible role in statewide coordination
- Activate the Agricultural Development Corporation to make it an effective catalyst for entrepreneurial farming
- Facilitate "Buy Local" efforts and advancement of food sustainability in prisons and schools
- Provide a comprehensive report on state lands with available water resources for agriculture and livestock

## INNOVATION ECONOMY

### *New infrastructure, new jobs*

The University of Hawai'i is leading the rebirth of statewide efforts to fuel an innovation economy. It recently joined 28 other campuses in launching the *Gig U* project to bring ultra high-speed Internet to the campuses, which will transform education and research in ways that we have only begun to imagine. We also enacted Act 151 to advance the wider establishment of broadband capabilities, which will be the infrastructure on which public schools and innovation companies can thrive in Hawai'i. The Hawai'i Strategic Development Corporation also obtained a \$13 million federal grant to invest in local startups.

#### *Key Next Steps:*

- Use initial federal investment to implement a new broadband initiative with public and private partners to bring ultra high-speed Internet to the entire state
- Advance research innovation and commercialization of technologies through partnerships with UH taking the lead

## **IMPROVEMENTS ON PUBLIC LANDS**

### *Moving on smart growth*

The new Public Lands Development Corporation (Act 55) will provide tremendous opportunities for private and public sectors to improve public lands, conserve natural resources, build workforce housing, restore recreational areas, and provide tangible examples of smart growth. Plans are being put into place to ensure careful stewardship of our land as well as economical projects with high social value. Public and private partnerships are also advancing to improve public housing, build communities with Hawaiian Home Lands, and develop housing for the elderly.

#### *Key Next Steps:*

- Present the public with an initial set of high value projects envisioned by the Public Lands Development Corporation
- Coordinate development efforts among the Hawai'i Housing and Finance Development Corporation, Hawai'i Community Development Authority, Hawai'i Public Housing Authority and others and outreach with our private partners to ensure common principles and best use of scarce public resources

## **ENVIRONMENTAL STEWARDSHIP**

### *The key to sustainable economic growth*

The Department of Agriculture has been effectively identifying invasive species and is restoring key agricultural inspection positions. The Department of Land and Natural Resources established unprecedented partnerships to protect near-shore fisheries and restore our forests.

#### *Key Next Steps:*

- Convene an environmental working group to monitor progress and help direct the Administration's natural resources agenda, including the Departments of Health, DLNR, DOA, DBEDT, Office of Environment and Quality Control, Office of Planning, and UH
- Ensure that our mauka watersheds are fully functioning so that our fresh water resources can be utilized and enjoyed by the people of Hawai'i in perpetuity

## **CULTURE, ARTS, CREATIVE INDUSTRIES**

### *Supporting the visitor industry by investing in Hawai'i*

The Hawai'i Tourism Authority is committed to investing in the people of Hawai'i, our islands and our culture as the key to a vibrant visitor industry. Working together, we are strengthening relationships with China, Korea, Japan and Australia. We've also garnered increasing support for the local film, television, digital media, music and fashion industries, while supporting culture and arts as part of Hawai'i's attraction as a world-class destination.

#### *Key Next Steps:*

- Reposition the various culture and arts programs of the state and provide additional institutional funding
- Increase support for the preservation and perpetuation of Hawai'i's Native Hawaiian culture and arts
- Connect creative communities, locally and globally with digital media projects
- Continue strengthening relationships with China and other countries as we head toward the Asia-Pacific Economic Cooperation meeting in November

## **INVESTING IN PEOPLE**

### **EARLY CHILDHOOD**

#### *The best public investment we can make*

In July, we hired Terry Lock, one of the state's foremost experts in early childhood, to be the first Governor's Coordinator on Early Childhood. She is working across departments to coordinate human services, health, and education programs that focus on our youngest children, prenatal to kindergarten entry age. The Department of Health found resources to maintain Healthy Start, a home visiting program for at-risk mothers, and is leveraging private and federal funds to create opportunities for early learning.

#### *Key Next Steps:*

- Bring together early childhood stakeholders to compete in the next phase of the Race to the Top competition, which focuses on high quality early learning and development programs for young children from low-income families
- Utilize remaining federal stimulus to kick start our early childhood efforts
- Develop a dedicated funding stream for early childhood development and education programs
- Develop consistent quality measures and workforce development opportunities for early childhood programs and professionals

## EDUCATION AND WORKFORCE DEVELOPMENT

### *Building the workforce for today and tomorrow*

In the first months of the Administration, we passed landmark legislation to form an appointed school board. The Board of Education and Department of Education, in alignment with the Governor's education coordinator Tammi Chun, are moving forward in improving public education for our children and achieving the ambitious Race to the Top goals. UH is committed to more students earning certificates and degrees to better their economic opportunities and knowledge of the world. UH has already doubled the number of native Hawaiian students in community colleges, increased community college graduation rates by 35 percent and more than tripled financial aid to native Hawaiian students. The Department of Labor and Industrial Relations finished a survey of Green Jobs in Hawai'i and is executing a plan to maximize efforts to support workforce and economic development.

#### *Key Next Steps:*

- Raise graduation standards so students in the class of 2018 and later will have tougher requirements to earn their high school diploma
- Attack the substantial backlog of maintenance and repair of our public school facilities so that every student can work in a learning environment
- Make our schools safe with an emphasis on addressing the issue of bullying in all forms
- Implement unique strategies and partnerships in our Zones of School Innovation, which are aimed at swiftly improving schools in Ka'u, Kea'au and Pahoa on Hawai'i Island and in the Nanakuli and Wai'anae complexes on O'ahu's Leeward Coast
- Cultivate effective teaching through mentoring programs, reduced administrative burdens and an effective teacher evaluation system
- Continue to increase access for underrepresented students to the UH system that includes providing financial aid and support on campus
- Broaden community outreach and dissemination of information on green jobs through enhancements to the Hawai'i Green Jobs Portal to help the state meet its clean energy goals
- Create advisory groups that include business leaders, labor representatives and educators to align training and funding to meet current and future employer needs in various economic sectors

## HEALTHCARE TRANSFORMATION

### *Our most complex challenge*

In the early months of the Administration, the national Medicaid funding predicament along with the state's budget crisis forced difficult cuts to health services. The leader of Hawai'i's community health centers, Beth Giesting, stepped forward to become the first Governor's Healthcare Transformation Coordinator with the directive to improve the healthcare system of Hawai'i. Along with Senior Healthcare Advisor Dr. Thomas Tsang, who helped develop the innovations featured in the federal healthcare reform act, the two are working on an unprecedented movement designed to increase healthcare quality and access while holding the line on expenditures. Already, we are seeking contracts for the Medicaid program with provisions that will result in better health outcomes and controlled costs. The Executive Office on Aging has also completed a significant planning process that includes coordinating aging and disability systems to improve health services to the elderly.

#### *Key Next Steps:*

- Utilize all funding, technical assistance, and system improvement opportunities afforded by the federal healthcare reform act
- Build a healthcare exchange for Hawai'i that is supported by a seamless and simplified enrollment system
- Utilize our Medicaid program to accelerate widespread adoption of electronic medical records, medical homes, and other patient centered reforms that will improve outcomes and cut costs
- Continue community dialogue for the transformation of the Medicaid program
- Nurture public-private initiatives that will transform our healthcare system
- Host a national health summit to bring together people who implemented successful healthcare policies to reclaim Hawai'i's status as "the Health State"
- Revitalize essential public health programs under a reorganized DOH
- Improve nutrition with a focus on reducing obesity and diabetes in Hawai'i through coordinated initiatives by UH, DOE and DOH
- Implement a comprehensive plan to address Hawai'i's aging population starting with the establishment of Aging and Disabilities Resource Centers that will serve as a single point of entry for all long-term care support and services under the leadership of the Executive Office on Aging

## **SAFETY NET, HOMELESSNESS, PUBLIC SAFETY**

### *A shift to prevention*

Even with the immediate release of Rainy Day funds following Governor Abercrombie's inauguration, social services and nonprofits still had to absorb significant budget cuts in the first months of the year. The Department of Human Services and Department of Health have been working collaboratively to optimize programs, but a lack of investment in prevention services over the years have left more people with more severe needs at a time when public resources are most depleted. We have started to reverse that trend with a focus on two vital areas—homelessness and prisons—in addition to rebuilding our safety net. The state's first coordinator on homelessness, Marc Alexander, has completed a 90-Day Plan, which made significant strides in formulating a larger, long-term homelessness plan. The Department of Public Safety launched an ambitious partnership with the Justice Reinvestment Initiative that will reduce recidivism and decrease prison populations. Since taking office, PSD has brought about 300 prisoners back to Hawai'i.

#### *Key Next Steps:*

- Return people to work in DHS and restructure operations to process applications expeditiously for low-income children, adults and elderly residents eligible for food stamps and the state's Medicaid program known as MedQuest
- Reorganize DOH to provide core services more efficiently, including reducing redundant administrative procedures and consolidating programs
- Create a comprehensive plan to bring prisoners on the mainland home that includes collaborating with researchers, government agencies and private organizations through Justice Reinvestment Initiative
- Apply successful policies from the 90-Day Plan on Homelessness to create long-term statewide initiatives under the leadership of a newly created State Interagency Council on Homelessness
- Partner with the private sector to better coordinate existing programs and bring in new revenues to rebuild the state's safety net programs

## **HOUSING**

### *Communities for all the people of Hawai'i*

We began aggressively addressing the repair backlogs in public housing projects and developed a plan to use public-private partnerships to create an array of housing for the spectrum of people in Hawai'i. Kuhio Park Terrace is being modernized and the surrounding community is being revitalized. Mayor Wright Housing now has hot water, and the Weed and Seed program will be working with residents to address security and other tenant issues. The new foreclosure law (Act 48) is keeping more people in homes as we find ways to ensure that more local families can afford a place of their own.

#### *Key Next Steps:*

- Explore an array of opportunities to meet the diverse needs of Hawaiian Home Land beneficiaries, including the possibility of offering rental units
- Pursue grants for mixed income housing to redevelop and preserve existing public housing development, leverage redevelopment to create more affordable housing projects and develop the surrounding neighborhoods
- Launch the Mortgage Foreclosure Dispute Resolution program to help prevent homeowners from losing their homes

# TRANSFORMING GOVERNMENT

## INFORMATION TECHNOLOGY

### *The transformation of government in Hawai'i*

The State of Hawai'i has for the first time a full-time Chief Information Officer, Sanjeev "Sonny" Bhagowalia, who is leading the modernization of the state's IT infrastructure and systems. Specialists are completing an assessment of technology across the state as a foundation for creating a strong technology backbone capable of supporting and enhancing state services.

#### *Key Next Steps:*

- Redesign the state's IT architecture with the goal of coordinating central and individual agency information technology and information resource management with standards that are in line with the industry's best practices
- Develop a statewide strategic plan that capitalizes on our ability to reduce redundant systems and purchases throughout the state's 18 departments
- Reduce costs, foster innovation, provide convenient services to taxpayers, make government more accessible and transparent, and ensure security with minimal disruption to users, and more closely align information technology with the business needs of the state
- Enhance systems to provide the required levels of security to safeguard data with minimal disruption to users

## FISCAL MANAGEMENT

### *Wise management of the taxpayers' dollars*

Lieutenant Governor Brian Schatz has led the Fair Share Initiative across all departments to bring millions of additional federal dollars to Hawai'i and apply for millions more. The Tax Department changed its operational procedures to prioritize the processing of tax filings. The Tax Department also ended a costly contract while restructuring staff and internal processes to ensure that services were uninterrupted. The Administration reprioritized spending to expenses critical to government's core functions. It also has not issued any new debt since January 2010, saving millions of taxpayer dollars.

#### *Key Next Steps:*

- Establish a formal Chief Financial Officer structure within the state to align financial planning and fiscal operations
- Recapitalize reserves in the Hurricane Relief Fund and the Rainy Day Fund over the next couple of years
- Develop an action to find solutions for our long-term unfunded liabilities in the state's pension system and for health insurance benefits for state and county employees and retirees
- Modernize the Tax Department by streamlining and moving processes online
- Plan for potential reduction or revisions in the amount of federal funds coming to Hawai'i and identify programs that might be affected

## OPERATIONS MANAGEMENT

### *21<sup>st</sup> Century practices for 21<sup>st</sup> Century government*

DAGS made changes to make government more efficient, including reducing 15 percent of phone lines across the state that saves hundreds of thousands of dollars a year. The state is also in the process of consolidating office space and reducing commercial office leases.

#### *Key Next Steps:*

- Establish a formal Chief Operating Officer within state government to oversee daily government operations, including maintenance of state buildings and grounds; planning, design and construction of public works; centralized accounting, auditing and purchasing
- Re-establish programs of employee training and counseling and update the state's employment policies and procedures, led by a refocused Department of Human Resources Development
- Renovate key vacant state-owned buildings, such as the Kamamalu Building in downtown Honolulu and the Lihue Courthouse, to reduce rent
- Seek input from small businesses and other stakeholders on reforming the procurement code

## CUSTOMER SERVICE

### *Government belongs to the people*

The Administration ended the two-day-a-month furloughs that resulted in a 10 percent decrease in base pay for public workers and shut down of services for the public. DLIR launched a new effort to provide residents of Hawai'i's most rural areas with direct access to government and community resources, making it easier for those who live in remote communities to receive the services they expect.

#### *Key Next Steps:*

- Develop innovative methods to centralize and consolidate professional licensing functions statewide
- Improve public access to information about businesses
- Facilitate the formation of new businesses
- Eliminate confusion on business licensing in Hawai'i
- Expand the Rural Services Outreach Initiative that brings together government agencies, community groups, nonprofits and businesses

## CIVIL DEFENSE AND SECURITY

### *A focus on core missions*

In the wake of the tsunami in March, our citizen soldiers, airmen and public servants secured state facilities and provided support to county agencies, federal organizations, businesses and citizens. The State Civil Defense coordinated subsequent federal disaster assistance with the Small Business Administration and the Federal Emergency Management Agency to help Hawai'i residents and business owners affected by the tsunami. Also in March, we mobilized resources in response to flooding, landfill closures, and power outages. State Civil Defense is also working with federal, county, the Hawai'i National Guard, and non-government organizations in preparing a security plan for the APEC meeting.

#### *Key Next Steps:*

- Support community preparedness planning through faith-based organizations and other civic groups
- Modernize the Outdoor Siren Warning System statewide, including 186 sirens
- Improve emergency communications, including installing the Hawai'i Homeland Security Surveillance system at Maui harbors, upgrading Kaua'i's radio system, and establishing a statewide strategic communication reserve with radio and satellite devices
- Help state agencies and private sector develop their own "Continuity of Operations (COOP) Plan" to strengthen preparedness, response to and recovery from a disaster
- Implement viable disaster recovery for IT so the state can continue business operations with minimal interruption in the event of natural or man-made disasters
- Strengthen security and threat assessment in the state by expanding the capacity and role of the Fusion Center, which brings together federal, state and county emergency responders